

KEN BURKE, CPA


CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

FINANCE DIVISION

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Clerk of the County Court
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor
Clerk of the Water and Navigation Control Authority

TO: The Honorable Chair and Members of the
Pinellas County Board of County Commissioners

FROM:  Ken Burke, CPA
Clerk of Circuit Court and Comptroller

SUBJECT: Quarterly Investment Report for the Period Ended December 31, 2020

DATE: February 22, 2021

We are pleased to provide you with the enclosed Quarterly Investment Report for the period ended December 31, 2020.

If you have any recommendations or comments regarding the report, we welcome your feedback. Feel free to contact me at 727-464-3341 or Jeanette Phillips, Chief Deputy Director, Finance Division at 727-464-8300.

Cc: Jeanette L. Phillips, CPA, CGFO, Chief Deputy Director, Finance Division
Jewel White, County Attorney
Barry A. Burton, County Administrator
Board Records

Pinellas County Board of County Commissioners

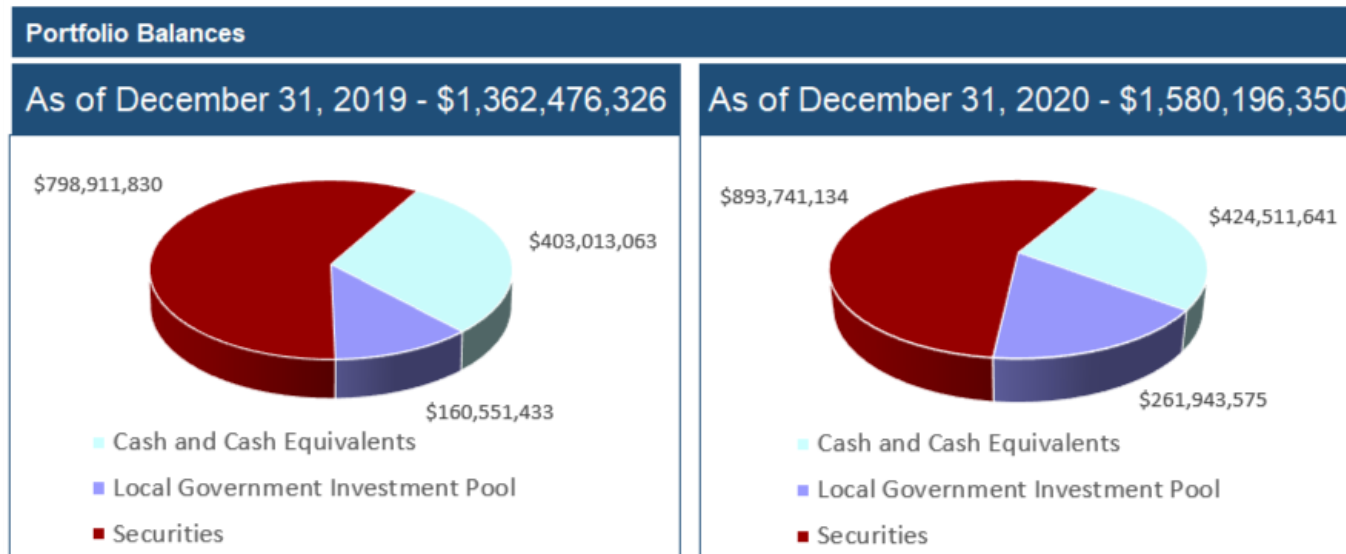
Quarterly Investment Report

For the Period Ended December 31, 2020



Section 218.415, Florida Statutes authorizes the governing body of a local government to adopt a written investment plan to govern investment activity. The Board of County Commissioners (Board) adopted Section 2-144 of the Pinellas County Code, Investment of Surplus Public Funds, establishing policies for investing all County surplus funds controlled by the Board. All investment activity is conducted in accordance with Code Section 2-144 and additional written policies and procedures.

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Portfolio Quarter-End Statistics	12/2019	3/2020	6/2020	9/2020	12/2020
Total Portfolio - book value	\$1,362,476,326	\$1,287,680,211	\$1,370,443,576	\$1,237,926,660	\$1,580,196,350
Securities weighted average maturity (WAM)	1.48 years	1.37 years	1.34 years	1.19 years	1.55 years
Realized investment income	\$5,574,116	\$6,057,275	\$4,477,946	\$4,041,604	\$3,511,348
Composite Yields (3-month daily average)					
Short Term Portfolio	1.82%	1.47%	0.47%	0.31%	0.23%
Benchmark (3-month T-Bill)	1.61%	1.13%	0.14%	0.11%	0.09%
Long Term Portfolio	2.34%	2.22%	2.16%	2.06%	1.90%
Benchmark (2-year-T-Bill)	1.59%	1.10%	0.19%	0.14%	0.15%
Portfolio Overall	2.15%	1.94%	1.48%	1.37%	1.22%

Quarterly Investment Report

For the Period Ended December 31, 2020

Economic Information

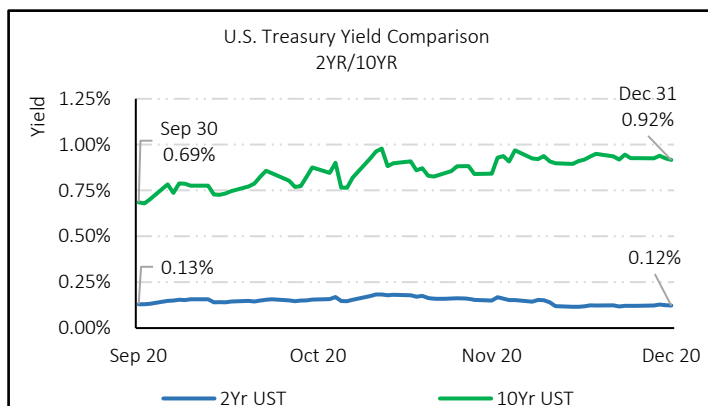
As COVID-19 vaccines slowly work their way across the world, we begin the new year with hopes that this year will be much better than the last. Despite this renewed optimism, many familiar headwinds persist. New virus cases are spiking throughout the country, threatening to overrun our healthcare system, and offsetting the effect of vaccines. The \$900 billion COVID relief package passed by Congress in December will bring some much-needed relief to the unemployed and small businesses and help to alleviate some of the near-term pressure as the pandemic drags on. Moreover, with the Democrats having gained control of both the White House and Congress, market participants have begun to price in a heightened potential for additional fiscal stimulus which may include aid for state and local governments, enhanced unemployment benefits, and additional stimulus checks paid directly to households. While recent hopes related to the rollout of a vaccine and the prospect of additional fiscal stimulus have given rise to an increase in growth and inflation expectations, the economic outlook for 2021 remains very dependent on the evolution of the pandemic with different sectors and localities continuing to feel its effects in varying degrees.

While the economic recovery is under way, the effects of the COVID pandemic will continue to reverberate across the U.S. economy in 2021. After cratering at an annualized -31.4% in the second quarter of 2020, U.S. Gross Domestic Product (GDP) rebounded an annualized 33.1% in the third quarter as the economy began the gradual and uneven healing process. Growth slowed to an annualized rate of 4.0% in the final quarter of 2020 as a surge in Covid-19 infections led to greater restrictions at the state and local level which weighed on consumer spending. For the full year 2020, the U.S. economy contracted 2.5% as the effects of the pandemic echoed throughout the country and around the world.

Treasury Yields:

While interest rates were muted in the previous quarter, dynamics across the yield curve in the fourth quarter of 2020 began to reflect the themes and narratives that will likely guide market activity in the year ahead. On the front-end of the yield curve, short-term Treasury yields for maturities of two years or less were generally unchanged as markets participants coalesced to expectations that the Federal Reserve will remain on hold for at least the next 2-3 years. Longer-term Treasury yields, however, were notably more volatile over the period as investors weighed the implications of persistent near-term economic uncertainty and the potential longer-term effects of unprecedented fiscal stimulus coupled with extraordinarily accommodative monetary policy. Against this backdrop, longer-term Treasury yields rose to reflect the increased risk of higher inflation and rising federal deficits coupled with a more patient Federal Reserve policy framework. For the quarter, the two year Treasury yield declined by 1 basis point (0.01%), while five and ten-year Treasury yields rose 8 and 23 basis points (0.08% and 0.23%), respectively and the yield curve steepened with the spread between 3-month Treasury bills and 10-year Treasury notes rising to 83 basis points (0.83%) from 58 basis points (0.58%) last quarter.

High-quality corporate bond credit spreads relative to U.S. Treasuries remained compressed and extremely narrow relative to historical average. For example, the Option Adjusted Spread (OAS) relative to comparable U.S. Treasury securities for the ICE BofAML 1-5 Year A-AAA Corporate Index fell to just 39 basis points (0.39%) at year end, well below its 20 year average of 104 basis points (1.04%) and its lowest level ever over the same 20 year period. The Federal Reserve's extraordinary accommodation, in the form of near-zero short-term interest rate policy and ongoing large-scale asset purchases have helped propel corporate borrowing costs to historically low levels.



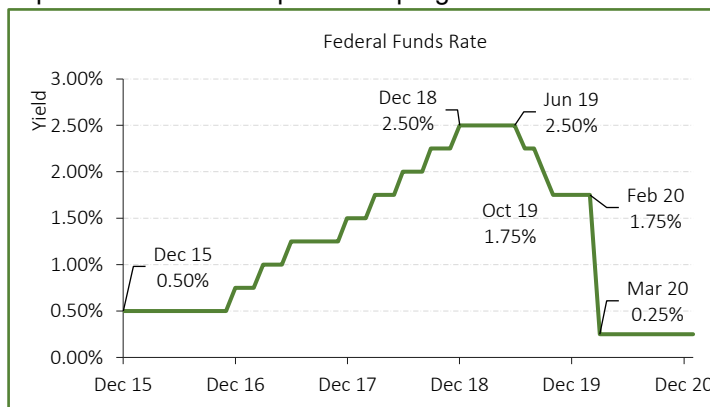
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Federal Funds Rate:

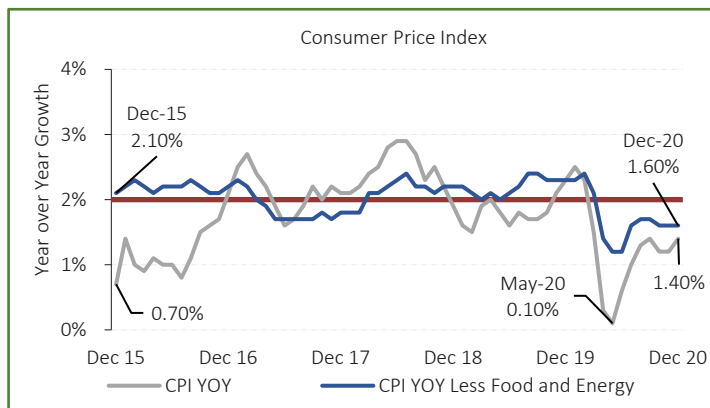
As expected, the Federal Open Market Committee (FOMC) left interest rates unchanged at its November 5th and December 16th meetings. With short-term interest rate policy already near the lower end of the zero bound, Fed policy adjustments are likely to remain focused in the areas of updated forward guidance and the balance sheet program of quantitative easing (QE). On the former, the December 2020 FOMC meeting brought an update to the Federal Reserve's Summary Economic Projections which are updated quarterly and set forth the FOMC member's expectations for policy-guiding variables such as growth, employment, and inflation as well as their anticipated appropriate path for the Federal Funds rate for the years ended 2021-2023 as well as the longer-term: the Fed's so-called "Dot-Plot". Consistent with the views of market participants, the updated Dot Plot confirmed expectations for no increases in short-term interest rate policy through 2023. For reference, the last time the Federal Reserve pegged short-term interest rates near zero they left them unchanged for a full 7 years (December '08 – December '15). While this is not a projection of the current policy path, it is a reminder that the FOMC is willing to be patient in normalizing monetary policy if they view such accommodation as necessary to support underlying economic fundamentals.

Regarding the Fed's balance sheet and its ongoing program of quantitative easing, the Fed continues to purchase \$120 billion of securities per month (\$80 billion of U.S Treasury and \$40 billion of mortgage-backed securities) in an effort to further support interest rate markets and overall financial conditions. At their December FOMC meeting, the Fed expressed little intention of altering the pace or composition of its asset purchase program in the foreseeable future. Indeed, the current pace of quantitative easing far surpasses that of the previous three programs. In QE1 (November 2008 to March 2010), QE2 (November 2010 to June 2011), and QE3 (September 2012 to October 2014) the Fed purchased \$1.725 trillion, \$600 billion, and \$1.613 trillion of assets, respectively, for a total of just over \$3.9 trillion. Since March of 2020, the Fed has purchased \$3.06 trillion of securities through December and will surpass the total of the three previous rounds of QE combined by July 2021 given its current pace of \$120 billion per month. Put in this context, the recent steepening of the U.S. Treasury curve comes as little surprise.



Consumer Price Index (CPI):

Despite the previously noted combination of aggressive fiscal stimulus and extraordinarily accommodative monetary policy, measures of core inflation currently remain well below the Federal Reserve's stated 2% symmetrical inflation target. Core CPI closed the year up 1.60% and modestly lower than last quarter's reading of 1.70%. Likewise, the Fed's preferred gauge of inflation, the core personal consumption expenditures index (PCE), also fell modestly from 1.53% last quarter to 1.45% in December. The lack of response in broad measures of consumer prices to current stimulus efforts underscores the challenges facing policy makers and supports market expectations that the Federal Reserve will remain on hold into the foreseeable future. Looking ahead, inflation is anticipated to continue to drift modestly higher but remain below the Fed's stated 2.0% target as elevated unemployment and headwinds related to the coronavirus pandemic weigh on activity, particularly in the service sector. Indeed, the Federal Reserve's own projections do not anticipate core PCE reaching this target until 2023. While longer-term interest rates and measures of longer-term inflation



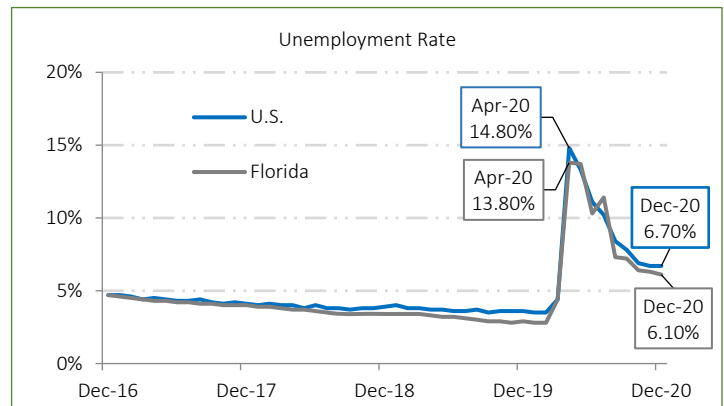
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expectations have begun to rise given the accommodative policy backdrop, current measures of inflation are not a current policy concern for the Fed.

Labor Markets:

After an initially robust recovery, the pace of healing in labor markets continued to slow in the second half of the year. Non-farm payroll growth slowed to an average of 239 thousand jobs per month in the fourth quarter from over 1.3 million jobs per month in the previous quarter. While the moderating pace of recovery was broadly anticipated, the persistent weakening in the second half results was punctuated by the unanticipated loss of 227 thousand jobs in December. In many ways, the weakness in the December jobs report illustrates the fragility of the economy amidst persistent headwinds. As Washington remained divided regarding the size and scope of additional fiscal stimulus, the virus surged into year end and business scaled back hiring and adjusted payrolls in response to renewed public health restrictions and continued uncertainty. Unfortunately, nearly four million Americans have been out of work for at least 27 weeks, the threshold for long-term unemployment. The reversal of public health orders can be directly attributed to December's drop in non-farm payrolls, where restaurants, bars, and hotels felt the brunt of fresh pandemic restrictions. So far, the vaccine rollout has been slower than hoped and confined to front-line health care workers and the retired which does not lend to job growth in the immediate future. Until the vaccine has been distributed to a meaningful portion of the population, the pace of healing in labor markets will remain constrained.



Investment Strategy:

The Federal Reserve is likely to keep its target rate near zero for the next few years, reflected in the low yield available to fixed income investors on the front end of the curve. Despite historically low yields, the County's investment strategy favors investing in the one to three year area of the curve, picking up incremental income over our cash alternatives that currently hover near 0%.

The County continues to monitor the impact on revenue sources including state shared revenues, tourist taxes, sales taxes, gas taxes, investment income and other revenues impacted by economic conditions. This may limit our ability to actively invest out the curve as liquidity needs remain in flux at this time. The Clerk continues to manage the County's core fixed-income portfolio around the ICE BofA 0-3 Year US Treasury & Agency Index while maintaining financial flexibility to prudently manage the County's funds during the ongoing COVID-19 crisis.

This Quarterly investment Report was prepared by the Clerk's Finance Division. The economic information was provided by Public Trust Advisors, LLC.

Quarterly Investment Report

For the Period Ended December 31 2020

Pinellas County Board of County Commissioners Portfolio Summary

Investments	---- December 31, 2019 ----		----- December 31, 2020 -----			Portfolio Maximum	Issuer Limitation	Compliant
	Book Value	% of Portfolio	Book Value	Market Value	% of Portfolio			
Cash and Cash Equivalents	\$ 403,013,063	29.58%	\$ 424,511,641	\$ 424,511,641	26.86%	50%	N/A	Yes
Local Government Investment Pools	160,551,433	11.78%	261,943,575	261,943,575	16.58%	50%	N/A	Yes
U.S. Government-Sponsored Enterprise (GSE)								
Federal Farm Credit Bank	245,553,805	18.02%	197,190,305	199,845,584	12.48%		30%	Yes
Federal Home Loan Bank	221,098,653	16.23%	161,145,615	163,194,877	10.20%		30%	Yes
Federal Home Loan Mortgage Corp.	60,189,205	4.42%	120,182,968	120,637,103	7.61%		30%	Yes
Federal National Mortgage Association	32,112,597	2.36%	52,165,651	52,601,559	3.30%		30%	Yes
Subtotal GSE's	558,954,260	41.03%	530,684,539	536,279,123	33.59%	75%		Yes
Treasury Notes	239,957,570	17.61%	363,056,595	367,253,156	22.97%	75%	N/A	Yes
Subtotal Securities	798,911,830	58.64%	893,741,134	903,532,279	56.56%			
Total Portfolio Book Value	\$1,362,476,326	100.00%	\$1,580,196,350	\$ 1,589,987,495	100.00%			

Note: The percent of portfolio, portfolio maximum, and issuer limitation are based on book value.

Pinellas County
Portfolio Holdings by Security Type
As of 12/31/2020

Description	CUSIP/Ticker	Settlement Date	Next Call Date	Call Frequency	Maturity Date	Face Amount/Shares	Book Value	Market Value	Coupon Rate	YTM @ Book	Days To Maturity
Cash and Cash Equivalents											
Wells Fargo Cash	WACHCASH	09/30/2007	N/A	N/A	N/A	367,586,068	367,586,068	367,586,068	0.170	0.170	1
BankUnited MM	BANKUNITED	08/13/2018	N/A	N/A	N/A	46,724,010	46,724,010	46,724,010	0.284	0.284	1
BB&T MM	BBTMM-9830	08/14/2008	N/A	N/A	N/A	10,201,563	10,201,563	10,201,563	0.050	0.050	1
Sub Total / Average						424,511,641	424,511,641	424,511,641	0.180	0.180	1
Local Government Investment Pool											
FLCLASS LGIP	FLCLASS-0001	07/15/2015	N/A	N/A	N/A	221,407,962	221,407,962	221,407,962	0.191	0.191	1
FLGIT-DAY TO DAY FUND LGIP	FLGIT-0338	09/29/2009	N/A	N/A	N/A	40,535,613	40,535,613	40,535,613	0.101	0.101	1
Sub Total / Average						261,943,575	261,943,575	261,943,575	0.177	0.177	1
FFCB Bond											
FFCB 0.125 12/14/2022	3133EMKU5	12/22/2020		N/A	12/14/2022	20,000,000	19,998,993	19,994,409	0.125	0.128	713
FFCB 0.25 11/27/2023	3133EMHR6	12/09/2020		N/A	11/27/2023	20,000,000	19,999,485	20,018,808	0.250	0.251	1,061
FFCB 1.6 1/23/2023	3133ELJH8	02/25/2020		N/A	01/23/2023	20,000,000	20,135,426	20,585,624	1.600	1.264	753
FFCB 1.625 8/22/2022	3133ELAE4	11/26/2019		N/A	08/22/2022	20,000,000	19,999,401	20,487,017	1.625	1.627	599
FFCB 1.875 6/14/2022	3133EKRD0	06/28/2019		N/A	06/14/2022	20,000,000	20,010,696	20,498,653	1.875	1.837	530
FFCB 2.55 1/11/2021	3133EJ4Q9	01/18/2019		N/A	01/11/2021	19,750,000	19,749,675	19,760,221	2.550	2.611	11
FFCB 2.7 4/9/2021	3133EJUA5	07/18/2018		N/A	04/09/2021	20,000,000	19,997,297	20,141,256	2.700	2.753	99
FFCB 2.85 9/20/2021	3133EJZU6	09/27/2018		N/A	09/20/2021	20,000,000	19,983,286	20,397,426	2.850	2.972	263
FFCB 2.93 4/22/2021	3133EJJ67	12/07/2018		N/A	04/22/2021	17,300,000	17,304,157	17,450,681	2.930	2.848	112
FFCB 3.05 11/15/2021	3133EJT74	11/29/2018		N/A	11/15/2021	20,000,000	20,011,889	20,511,489	3.050	2.978	319
Sub Total / Average						197,050,000	197,190,305	199,845,584	1.941	1.913	451
FHLB Bond											
FHLB 0.125 9/8/2023	3130AJXD6	12/23/2020		N/A	09/08/2023	20,000,000	19,967,860	19,968,148	0.125	0.185	981
FHLB 2 9/9/2022	313380GJ0	09/25/2019		N/A	09/09/2022	20,000,000	20,127,429	20,625,725	2.000	1.612	617
FHLB 2.125 6/9/2023	3133834G3	06/18/2020		N/A	06/09/2023	20,000,000	20,869,736	20,946,359	2.125	0.332	890
FHLB 2.5 3/11/2022	313378WG2	03/28/2019		N/A	03/11/2022	20,000,000	20,062,344	20,566,031	2.500	2.229	435
FHLB 2.875 12/10/2021	3130A0EN6	11/29/2018		N/A	12/10/2021	20,000,000	19,981,282	20,513,813	2.875	2.979	344
FHLB 3.625 3/12/2021	3133732Y7	04/26/2018		N/A	03/12/2021	20,000,000	20,033,853	20,132,386	3.625	2.726	71
FHLB 3.625 3/12/2021	3133732Y7	12/07/2018		N/A	03/12/2021	20,000,000	20,029,987	20,132,386	3.625	2.833	71
FHLB 3.625 6/11/2021	313373ZY1	07/18/2018		N/A	06/11/2021	20,000,000	20,073,124	20,310,029	3.625	2.763	162
Sub Total / Average						160,000,000	161,145,615	163,194,877	2.563	1.957	446
FHLMC Bond											
FHLMC 0.25 11/6/2023	3137EAEZ8	11/23/2020		N/A	11/06/2023	20,000,000	19,994,253	20,016,923	0.250	0.260	1,040
FHLMC 0.25 12/4/2023	3137EAFA2	12/09/2020		N/A	12/04/2023	20,000,000	20,004,143	20,021,314	0.250	0.243	1,068
FHLMC 0.25 6/26/2023	3137EAES4	12/16/2020		N/A	06/26/2023	20,000,000	20,046,619	20,043,480	0.250	0.156	907
FHLMC 0.25 8/24/2023	3137EAEV7	11/23/2020		N/A	08/24/2023	20,000,000	20,003,693	20,039,428	0.250	0.243	966
FHLMC 2.375 1/13/2022	3137EADB2	09/25/2019		N/A	01/13/2022	20,000,000	20,144,288	20,462,400	2.375	1.660	378
FHLMC 2.375 2/16/2021	3137EAEI9	12/12/2018		N/A	02/16/2021	20,000,000	19,989,972	20,053,558	2.375	2.790	47
Sub Total / Average						120,000,000	120,182,968	120,637,103	0.958	0.892	734

Description	CUSIP/Ticker	Settlement Date	Next Call Date	Call Frequency	Maturity Date	Face Amount/Shares	Book Value	Market Value	Coupon Rate	YTM @ Book	Days To Maturity
FNMA Bond											
FNMA 0.25 5/22/2023	3135G04Q3	06/18/2020		N/A	05/22/2023	20,000,000	19,963,403	20,047,216	0.250	0.327	872
FNMA 0.25 7/10/2023	3135G05G4	11/24/2020		N/A	07/10/2023	20,000,000	20,006,186	20,047,759	0.250	0.238	921
FNMA 1.375 9/6/2022	3135G0W33	11/26/2019		N/A	09/06/2022	12,246,000	12,196,062	12,506,584	1.375	1.624	614
Sub Total / Average						52,246,000	52,165,651	52,601,559	0.514	0.597	830
Treasury Note											
T-Note 0.125 10/15/2023	91282CAP6	12/16/2020		N/A	10/15/2023	20,000,000	19,983,062	19,985,940	0.125	0.155	1,018
T-Note 0.125 7/31/2022	91282CAC5	12/30/2020		N/A	07/31/2022	20,000,000	20,003,120	20,003,120	0.125	0.115	577
T-Note 0.125 8/31/2022	91282CAG6	12/30/2020		N/A	08/31/2022	20,000,000	20,002,340	20,001,562	0.125	0.118	608
T-Note 0.25 4/15/2023	91282ZH6	12/18/2020		N/A	04/15/2023	20,000,000	20,050,772	20,049,220	0.250	0.139	835
T-Note 0.5 3/15/2023	91282ZD5	12/22/2020		N/A	03/15/2023	20,000,000	20,163,792	20,162,500	0.500	0.128	804
T-Note 1.125 7/31/2021	91282S76	12/19/2019		N/A	07/31/2021	20,000,000	19,938,522	20,117,188	1.125	1.663	212
T-Note 1.125 8/31/2021	91282F6	01/24/2019		N/A	08/31/2021	20,000,000	19,813,354	20,135,938	1.125	2.587	243
T-Note 1.375 10/15/2022	91282YK0	12/13/2019		N/A	10/15/2022	20,000,000	19,889,802	20,445,320	1.375	1.692	653
T-Note 1.375 10/15/2022	912827K0	12/23/2019		N/A	10/15/2022	20,000,000	19,902,638	20,445,320	1.375	1.655	653
T-Note 1.75 7/15/2022	912827C8	12/18/2019		N/A	07/15/2022	20,000,000	20,030,773	20,500,000	1.750	1.647	561
T-Note 1.875 10/31/2022	912828M49	12/23/2019		N/A	10/31/2022	20,000,000	20,076,670	20,639,062	1.875	1.659	669
T-Note 2 5/31/2021	912828WN6	01/24/2019		N/A	05/31/2021	20,000,000	19,952,702	20,153,906	2.000	2.593	151
T-Note 2 8/31/2021	912828D72	12/19/2019		N/A	08/31/2021	20,000,000	20,044,022	20,250,000	2.000	1.662	243
T-Note 2.125 5/15/2022	9128286U9	12/18/2019		N/A	05/15/2022	20,000,000	20,125,320	20,546,880	2.125	1.656	500
T-Note 2.25 4/15/2022	9128286M7	12/18/2019		N/A	04/15/2022	20,000,000	20,149,643	20,545,320	2.250	1.655	470
T-Note 2.5 2/15/2022	9128286C9	12/13/2019		N/A	02/15/2022	20,000,000	20,177,712	20,532,040	2.500	1.691	411
T-Note 2.75 4/30/2023	9128284L1	12/18/2020		N/A	04/30/2023	20,000,000	21,212,703	21,209,380	2.750	0.144	850
T-Note 2.875 10/31/2023	9128285K2	12/23/2020		N/A	10/31/2023	20,000,000	21,539,648	21,530,460	2.875	0.150	1,034
Sub Total / Average						360,000,000	363,056,595	367,253,156	1.458	1.173	583
Sub Total Securities						889,296,000	893,741,134	903,532,279			
Total / Average						1,575,751,216	1,580,196,350	1,589,987,495	1.003	0.870	318

FFCB: Federal Farm Credit Bank

FHLB: Federal Home Loan Bank

FHLMC: Federal Home Loan Mortgage Corporation

FNMA: Federal National Mortgage Association

T-Note: U.S. Treasury Note

FLCLASS: The Florida Cooperative Liquid Assets Securities System

FLGIT: Florida Local Government Investment Trust